

MEMO# 17562

May 21, 2004

TREASURY DESIGNATES THE COMMERCIAL BANK OF SYRIA AS A FINANCIAL INSTITUTION OF PRIMARY MONEY LAUNDERING CONCERN AND PROPOSES SANCTIONS AGAINST IT

[17562] May 21, 2004 TO: MONEY LAUNDERING RULES WORKING GROUP No. 17-04 RE: TREASURY DESIGNATES THE COMMERCIAL BANK OF SYRIA AS A FINANCIAL INSTITUTION OF PRIMARY MONEY LAUNDERING CONCERN AND PROPOSES SANCTIONS AGAINST IT The Treasury Department has designated the Commercial Bank of Syria (CBS) as a financial institution of primary money laundering concern, and has proposed a rule that would impose one of five permitted “special measures” against it and its subsidiaries and branches.¹ The imposition of special measures against financial institutions designated as being of primary money laundering concern is authorized by 31 U.S.C. 5318A, a section of the Bank Secrecy Act that was added by Section 311 of the USA PATRIOT Act. With respect to CBS, Treasury intends to impose the special measure described in Section 5318A(b)(5) of the BSA, which allows Treasury to prohibit a domestic financial institution or agency from opening or maintaining in the United States a correspondent account or a payable-through account for or on behalf of a foreign financial institution. This special measure can be imposed only by promulgation of a rule.² Comments on the proposed rule imposing the special measure must be submitted to Treasury on or before June 17, 2004. The Institute currently does not intend to comment on the proposed rule. If you have concerns over the impact of the proposed sanctions against CBS on U.S. mutual funds, contact me at 202-371-5430 or rcg@ici.org as soon as possible. Robert C. Grohowski Associate Counsel 1 Financial Crimes Enforcement Network; Amendment to the Bank Secrecy Act Regulations—Imposition of a Special Measure Against Commercial Bank of Syria, Including Its Subsidiary, Syrian Lebanese Commercial Bank, as a Financial Institution of Primary Money Laundering Concern, 69 Fed. Reg. 28098 (May 18, 2004). 2 Treasury previously has imposed this special measure against financial institutions in the country of Nauru. See Memorandum to Money Laundering Rules Working Group No. 25-03 [15901], dated April 16, 2003.